# WEEKLY ECONOMIC REVIEW

**June 13, 2008**

Alberta's house prices continued to moderate. In April, new house prices grew 4.8% from a year ago, its slowest pace since June 2005. In Calgary, new house prices have been fairly stable since October 2007, while in Edmonton prices have declined steadily. Nationally, new house prices were up 5.2%, led by Saskatoon (+43.7%) and Regina (+34.0%).

In May, Alberta housing starts grew 5.7% from April following an increase in new condominium construction in several areas, including Calgary and Edmonton. Year-to-date, however, starts were still down 22.8%. Canadian housing starts were also stronger-than-expected, up 3.5% from March driven by strong activity in Saskatchewan, Newfoundland, and Nova Scotia.

After four months of lackluster performance, Alberta's manufacturing shipments in April rose sharply by 4.3% from March. Both durable (+2.3%) and non-durable exports (+5.3%) posted monthly gains, with the latter led by petroleum and coal products (+13.0%). Year-to-date, manufacturing shipments were down 1.8%. Nationally, manufacturing shipments rebounded by 2.0% after a decline in the previous month.

Canada's trade surplus with the world declined for the first time in four months, falling from $5.7 billion in March to $5.1 billion in April. Meanwhile, the U.S. trade deficit rose 7.8% to US$60.9 billion in April, the highest level in more than a year.

| | | |
|---|---|---|
| ↓ | **Cdn Dollar (US¢/CS)** | |
| | June 13, 2008 | 97.3 |
| | June 6, 2008 | 98.2 |
| | 2008-09 YTD | 99.1 |
| ↑ | **WTI Oil US$/bbl** | |
| | June 12, 2008 | $ 136.74 |
| | June 5, 2008 | $ 127.79 |
| | 2008-09 YTD | $ 120.93 |
| ↔ | **Nymex Natural Gas CS/MMBtu** * | |
| | **July Contract** | |
| | June 13, 2008 | $ 12.91 |
| | June 6, 2008 | $ 12.94 |

*Estimate based on Nymex Futures Market Price

In a surprise move to markets, the Bank of Canada kept its key overnight lending rate at 3.0%. The Bank cited rising inflationary pressures as the reason for the decision.

In May, the U.S. CPI inflation rose 0.6% from the previous month on soaring gasoline and food prices. This pushed the annual CPI inflation rate to 4.2%.

After retreating from last week's record-high, crude oil prices jumped to US$136.38/barrel on Wednesday following a report that showed larger-than-expected drawdown in last week's US crude stocks. On Thursday, news of a Nigerian oil union strike pushed oil prices even higher.

| Economic Indicators Released this Week | Reference Period | Month/Previous Month (M/M) | Month/Previous Year's Month(Y/Y) | Year-to-date[1] |
|---|---|---|---|---|
| **Housing Starts (thousands)[2,3]** | **May** | | | |
| **Alberta** | 35.5 | 5.7% | -24.6% | -22.8% |
| **Canada** | 221.3 | 3.5% | -6.5% | 0.3% |
| **New Housing Price Index (1997=100)** | **April** | | | |
| **Alberta** | 251.4 | -0.7% | 4.8% | 8.4% |
| **Canada** | 158.4 | 0.0% | 5.2% | 6.0% |
| **Manufacturing Shipments (Millions)[2]** | **January** | | | |
| **Alberta** | $5,637 | 4.3% | 0.7% | -1.8% |
| **Canada** | $49,804 | 2.0% | -5.5% | -5.3% |

Source: Statistics Canada. [1]Year-to-date compared to the same period in the previous year. [2] Seasonally adjusted. [3] Annualized rate.